

**REMARKS/ARGUMENTS**

Claims 1, 7, 24, 28, 46, 53, 69, and 70 are amended; claims 73-78 are new; claims 2-3, 9-23, 25, 27, 29-30, 35-47, 51, 52, 55, 65, and 66 are cancelled; and claims 1, 4-8, 24, 26, 28, 31-34, 48-50, 53, 54, and 67-76 are pending upon entry of the Amendment. No new matter is introduced by way of the Amendment.

Support for the amended claims can be found, for example, in paragraphs [0054], [0061], and [0109] of the instant application.

Support for the new claims can be found, for example, in paragraphs [0043] and [0055] of the instant application.

**Claims 7 and 69 are re-written into independent form and the amendment thereof does not raise a new issue requiring further search and/or consideration.**

**Claim Rejections – 35 USC §102**

Claims 1, 4-10, 13, 14, 17-24, 27, 28, 30-34, 39-50, and 52-72 are rejected under 35 U.S.C. §102(b) as being allegedly anticipated by U.S. Pub. No. 2002/0062249 to Iannacci. The rejection is traversed.

**Claim 7:**

Claim 7 is re-written into independent form and the amendment thereof does not raise a new issue requiring further search and/or consideration. With respect to claim 69, Iannacci does not teach or suggest, *inter alia*,

"...if redemption is not possible, sending information to the portable device indicating an accumulation of the item towards the incentive; and

if redemption is possible and has occurred, sending information to the portable device indicating the item towards the incentive for the transaction has been redeemed."

The Examiner recited on page 3, as anticipatory of the above claim limitation, the following:

"Regarding claims 6-8, Iannacci teaching receiving input indicating whether the terms and conditions statement is accepted; if the terms and conditions statement has been accepted, processing the transaction using the portable device based on a first set of rules; and if the terms and conditions statement has not been accepted, processing the transaction using the portable device based on a second set of rules; determining if redemption of an item is possible, etc., (see fig. 4, 6, 8, [0197], [0397]-[0399])."

Accordingly, the Examiner merely quoted portions of Applicant's claims with reference to several paragraphs and figures of Iannacci, with no further supportive explanation or argument. The Office Action simply makes no attempt to address these claim limitations as shown by the quoted section, other than a reference to "etc." This is clearly improper.

Further, the Examiner has not relied on official notice or inherency to support the rejection. Accordingly, the rejection is improper.

**Claim 69:**

Claim 69 is re-written into independent form and the amendment thereof does not raise a new issue requiring further search and/or consideration. With respect to claim 69, Iannacci does not teach or suggest, *inter alia*,

"wherein generating the T&C statement dynamically using the information specific to the loyalty transaction comprises:

determining that a prior T&C statement has been previously accepted, and requires revision and reacceptance for the loyalty transaction to process, and

generate the T&C statement by using the portable device information to modify the prior T&C statement using parameters which are specific to the loyalty transaction".

The Examiner recited on pages 8-9, as anticipatory of the above claim limitation, the following:

"Regarding claims 67-72, Iannacci teaches control logic to determine that a prior T&C statement has been previously

accepted, determine the T&C statement requires revision and reacceptance for reward redemption to process, and control logic to generate the T&C statement for the reward redemption using the parameter file to modify the prior T&C statement control logic to determine that a prior T&C statement has been previously accepted; and control logic to determine that the prior T&C statement does not require revision and reacceptance for a reward redemption to process (*see* [0009]-[0013], [0021], [0025] [0028] [0034]-[0036], *see also* fig. 8, 10, 13-18)"

Accordingly, the Examiner merely quoted portions of Applicant's claims with reference to eleven paragraphs and eight figures of Iannacci, with no further supportive explanation or argument. There is absolutely no mention of a T&C statement which has been previously accepted and requires revision in quoted sections of Iannacci. Further, the Examiner has not relied on official notice or inherency to support the rejection. Accordingly, the rejection is improper.

**Claims 1, 24, 28, and 46:**

Iannacci does not teach nor suggest, *inter alia*, "updating the portable device information on the portable device at the physical point of sale during the transaction to indicate that the generated terms and conditions statement has been accepted or rejected for the transaction" (emphasis added), as required by amended claim 1. Independent claims 24, 28, and 46 recite similar claim limitations.

Iannacci recites a universal card system which unites a plurality of different loyalty programs into a single card to present the optimum reward during a transaction, see [0122]. Iannacci does not recite a universal card which contains information that is used and updated on the universal card at a physical point of sale during a transaction. Instead Iannacci recites that account information is stored on a database 260, which is part of a universal server 200, see Fig. 2.

In contrast to the instant invention, Iannacci recites that rules and conditions are displayed when setting preferences for a universal card account, see Fig. 4 which shows a screen shot of card preferences, as well as related paragraphs [0397] and [0398]. Iannacci further recites at paragraph [0230]:

"The option award directive section includes the specific terms, conditions, requirements, metrics, and provisions associated with the supply or acquisition of the option items that must be applied to a transaction and the related parties before the option items may be issued to a recipient" (emphasis added)

Accordingly, Iannacci merely recites a known method of accepting terms and conditions, i.e., acceptance before a transaction takes place. The present invention allows acceptance or rejection information to be physically stored on a portable device. Thus, at physical point of sale, it can be determined from the portable device alone whether the terms and conditions have been accepted or rejected and an external system may not necessarily be accessed to supply unnecessary or repetitive information. Accordingly, transaction and processing time is reduced, and also associated processing costs.

For at least the above reasons, claims 1, 24, 28, 46, and all claims dependent therefrom, are not anticipated by Iannacci.

### Claim Rejections – 35 USC §103

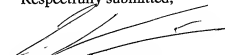
Claims 11 was rejected under 35 U.S.C. §103(a) as being allegedly unpatentable over Iannacci, and in further view of U.S. 5,917,489 to Thurlow et al. Claim 11 has been cancelled solely to expedite the prosecution of the application.

**CONCLUSION**

In view of the foregoing, Applicants believe all claims now pending in this Application are in condition for allowance. The issuance of a formal Notice of Allowance at an early date is respectfully requested.

If the Examiner believes a telephone conference would expedite prosecution of this application, please telephone the undersigned at 415-576-0200.

Respectfully submitted,



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